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September 7, 2000

Mace J. Rosenstein and Marissa G. Repp Hogan & Hartson L.L.P. 555 13th Street, N.W. Washington, D.C. 20004-1109

Subject: Sufficiency Review - Docket No. T-03924A-00-0646

Dear Mr. Rosenstein:

In the matter of the Application of Zone Telecom, Inc. for a Certificate of Convenience and Necessity to Provide Competitive Intrastate Telecommunication Service:

- ___ This application is sufficient.
- ✓ The application is insufficient and lacks the following items:

Additionally, upon review of the application, Staff has determined that the applicant lacks sufficient financial resources. Therefore, the applicant must do one of the following:

1. The Applicant must maintain for a minimum of one year, an escrow account and/or surety bond equal to the total amount of any prepayments, advances, and deposits that the Applicant may collect from its customers as a condition of certification. If after one year, the Applicant desires to close the escrow account and/or surety bond, it must file information with the Commission that demonstrates the Applicant's financial viability. Staff will review the information and forward its recommendation to the Commission for a Decision.

<u>OR</u>

2. The Applicant must file a letter stating that it does not currently, and will not in the future, charge its customers for any prepayments, advances, or deposits. If the Applicant is currently collecting prepayments, advances, or deposits, the Applicant must refund those charges to customers to avoid maintaining the above mentioned escrow account. If in the future, the Applicant desires to charge prepayments, advances, or deposits, it must file information with the Commission that demonstrates the Applicant's financial viability. Staff will review the information and forward its recommendation to the Commission for a Decision.

If this information is not received within 71 days of the date of this letter, Staff may terminate this application. Please mail an original plus 10 copies to: Docket Control, Arizona Corporation Commission, 1200 W Washington Street, Phoenix, AZ 85007-2927.

Applicant is required to publish legal notice of the application in all counties where services will be provided.

In addition, please submit a proposed tariff with both **maximum** rates, along with the **actual** rate to be charged.

Remember that information submitted for a CC&N will be made a part of the public record (including financial statements). Any information designated as confidential will not be accepted by Docket Control. If you have any questions, please contact me at (602) 542-0833. Thank you for your prompt response to this request.

Respectfully,

Anthony Gatto